

# Co-operation in Australia and the Illawarra

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Here in Australia, as in other countries, the co-operatives were most successful where the need was greatest. Thus Consumer Co-operatives flourished on the NSW coalfields where they helped the miners and their families through many difficult times and bought educational and social benefits.

As may have been expected in our mainly primary producing country, Producers' Societies exceeded Consumers' Co-operatives both in numbers and volume of business. The dairying industry in NSW and Queensland afforded the most outstanding examples of producer co-operation, but several large undertakings handling fruit packing and marketing were also important. Many of the Producers' Societies expanded into consumer activities in order to supply their members with goods and services at a cheaper rate. The Poultry Farmers of Queensland, The Eudunda Farmers of South Australia and The Westralian Farmers were examples.

Housing was another field in which co-operatives had outstanding success. The Building Societies of NSW and Victoria were particularly strong and showed that they could be a valuable starting point for the development of Housing and Community Advancement Societies and Credit Unions.

The Consumer Co-operatives were the best known by the workers in NSW. English and Scottish immigrants, who came to Australia in the latter half of the 19th century, brought the co-operative spirit with them. They settled in small groups in the embryo industrial centres, and finding that the cost of living was out of proportion with the wages paid, they decided to practice self-help as they had done in their homeland. So, co-operatives were formed and opened as retail stores using Rochdale as a model.

Because the industrial communities were small and only a percentage of the inhabitants joined, most of them failed. Supplies were hard to come by, transport was controlled by private profit-making concerns, work was intermittent, and strikes and lock-outs prevalent. To these drawbacks was added a lack of business knowledge which caused those making the decisions to depart from the principles expounded by George Howarth upon which Co-operation was founded.

Most of the co-operatives that were set up from 1864 failed, the exception being the Wallsend and Plattsburg Society which was established in 1871. Situated in the centre of the Newcastle coalfields, Wallsend and Plattsburg soon had five or six other societies around it but it was the only one to survive to the end of the century. The cause of the demise of these other societies was the severe 1890s economic depression that also caused the collapse of other business houses as well as all financial institutions. That Wallsend and Plattsburg withstood the financial onslaught as well as later downturns was mainly due to the fact that the directors were determined to adhere to the Howarth principles, no society with honest management was known to fail unless it departed from those principles. Early societies found it hard to get directors who understood the value of adhering to these guidelines, and harder still to find managers willing to try to do so.

Because of these shortcomings many societies that began in the suburbs of Sydney and in important country towns collapsed after looking as though they were going to be viable propositions. It was not until the Co-operative Wholesale

Society was established in 1912 that these weaknesses became apparent and the policy of holding annual conferences was adopted, resulting in the Co-operative principles and practices being substituted for those of private concerns.

There had been conferences held prior to the forming of the CWS notably in Newcastle, Bathurst, Goulburn, Wollongong, Penrith and Orange as well as in some of the suburbs of Sydney. Most of the discussions at these meetings centred around the advisability of forming a co-operative wholesale society but most of the delegates seemed to have been afraid of offending private wholesalers from whom they obtained credit. For this reason the founding of the CWS was delayed for many years and its growth retarded after it was finally set up.

Contrary to the effect of depressions on private profit-making businesses a properly run co-operative picked up during such economic setbacks. It seems as though in times of prosperity people often worried less about the cost of living but in hard times, when money was scarce, they wanted value and turned to the Co-operative Movement to get it. After each depression a new crop of societies were formed, which would usually flourish until the next depression came along when those that departed from the Rochdale principles went broke.

Enthusiasm for co-operation was renewed at the beginning of the 20<sup>th</sup> century. However, but by the beginning of the 1930s depression the wrongly managed co-operatives were already declining. In 1922 there were 25 societies affiliated with the CWS. In three years this dropped to 15 and it stayed at that number until 1934 when the effects of the depression were easing. In the next 15 years the number of societies affiliated to the CWS exceeded 100, spreading into Victoria. To accommodate this groundswell of enthusiasm for co-operatives, the CWS opened a branch in that state.

The societies that started in a small way in the industrial cities, by 1950, had large well run stores that compared more than favourably with the best private profit-making businesses in competition with them. The greatest of the State's retail societies of that time was the Newcastle and Suburban, known locally as 'The Store'. It started in 1898 with only 33 members and a turnover of £23 a week. In 1950 its sales exceeded the two million pound mark and it supplied all the needs for thirty thousand families.

The Rochdale Pioneers provided the finance to open their store by regular, small amounts paid weekly, until they had enough money to start their operations. This, also, was the method used to raise capital by other early co-operative societies, however, so rapid was the expansion of co-operative business that this method of raising finance proved to be inadequate. To augment the funds, simultaneous with the development of consumer, producer and service co-operatives, there developed a system of co-operative finance suited to the needs of each section of the movement.

In England, Germany and Sweden as well as other parts of Europe the CWS developed its own banking departments. As business grew most of these Co-operative Banks were organised into separate financial institutions, although the Wholesale Society in England decided that it would retain its Bank as a department of the Society. In the year 1951 this Bank was the eighth largest in the country and had assets of over £221 million sterling and a

turnover of £8 million per working day.

Other finance co-operatives were formed to support the local needs of the different types co-operatives. There were Agricultural Credit Organisations set up to assist the rural producer, in the USA, for example, Banks for Farmers Co-operatives were formed with the assistance of the Government. The USA. was divided into twelve Farm Credit regions each with a Farmers' Bank for Co-operatives. These provided a permanent system of credit to eligible co-operatives engaged in marketing agricultural products, purchasing farm supplies, and furnishing farm business services. In the first twenty years of operation from their beginning in 1933 these Farm Banks extended over four billion dollars in credit to farmer co-operatives.

Credit Unions of course were not new, the first one having been set up in Brussels in 1848 with Germany and Italy following soon after. Japan knew credit unions in 1900 and India set up many of these unions under an Act as early as 1904. The first credit union in Canada was in Quebec in 1900, by 1950 there were 2,800 Credit Unions with over a million members.

Insurance was another field of importance encompassed by the Movement. With the prime motive of catering for the needs of the Co-operative Movement and its members, both as regards insurance and the provision of credit, the general public were also invited to partake of the benefits of their activities.

In New South Wales where the Co-operation Act became law in 1924 societies were permitted to raise additional finance by internal financing, whereby members agreed to make further capital contributions. Each proposal had to have the consent of the Co-operative Advisory Council and be approved by members by Special Resolution with the allocation of shares to be based on the business done by the members receiving the shares over a trading period.

Under the provisions of the NSW Act co-operatives were prohibited from engaging in the business of banking. Neither could co-operatives enter into the field of insurance without first gaining the approval of the Governor. However, the Co-operation Act did provide for the formation of small loans societies i.e. Credit Unions. These Unions were not designed to cover the credit activities of co-operative societies but to provide short term loans for productive, cultural or domestic requirements of members of such societies, or to tide them over a period of financial need.

Apropos the NSW Co-operative Act, Clive R. Evatt, M.L.A., Minister for Housing, Minister for Co-operative Societies and Assistant Treasurer in 1950, had the following to say regarding co-operative societies:

One might well pause before embarking on a discussion of the precise role that Government should play in relation to Co-operation. To expound abstract principles would be to run into pitfalls of the doctrinaire. On the other hand to merely instance the Government's achievements in the field of Co-operation might easily appear to beg the question.

Another approach to the subject is provided by an international authority within the machinery of the United Nations Organisation. A Conference of it's Food and Agricultural Organisation in 1949 resolved:

That the role of the Government in relation to co-operative societies should be one of active helpfulness, intended to stimulate co-operative enterprise, to guide it and keep it on sound lines without either attempting to compel or replace local initiative or self-help. The Government should, in addition, promote conditions under which co-operatives will thrive and develop. ... The Co-operative Movement thrives best in those States whose Governments, in addition to acknowledging the worth of the co-operative technique, actively encourage its extension.

Every movement needs well defined aims and for many Co-operators theirs was the establishment of a Co-operative Commonwealth, but while they envisaged this Utopia there was only limited progress towards the broader dream. The Rochdale Pioneers, following Owen's ideals of self-governing communities had as one of their objects: 'that as soon as possible, the Society shall proceed to arrange the powers of production, distribution, education and government and to assist other societies to establish such colonies'.

In NSW there were many who thought that this was the logical method of achieving the co-operative State. Others, of a more realistic bent, were opposed to creating a political party that could destroy the societies' concept of political neutrality and could alienate a large section of the community. It must be remembered that at that time Australia was a primary producing nation and any major attempt to stress the rights of the consumer at the expense of the producer would have been difficult to achieve.

If it is accepted that these simplistic aims were indeed those of the movement, then a look should now be taken to see how far they went in achieving them. Through community advanced co-operatives, people provided themselves with needed services and amenities, building societies enabled thousands to acquire homes on reasonable terms, producer co-operatives obtained better prices for their members without extra cost to the consumer simply by cutting-out the middleman, consumers gained healthy rebates through which they were able to reduce the cost of their purchases without effect on the producers, and members of Friendly Societies, small loan, and insurance co-operatives, derived benefits ranging from cheaper medical services to cheaper finance.

Despite all of this, the Movement had only a small effect on the whole price situation. It also had very little effect on the community as a whole. The trouble was, that there were thousands of people, who, though knowing about individual co-operatives, were unaware that they were part of a worldwide organisation that espoused the aims of an improved way of life for all. This ignorance was not only a barrier to co-operative growth but it was also dangerous in that it allowed the Movement to be squeezed out of existence by increasing State control and by private profit enterprises.

### The Illawarra

Here on the South Coast there was a vigorous consumer co-operative movement. The miners of the Illawarra inherited a propensity for organisation of consumer Co-operatives from their English, Scottish and Welsh forebears, as well as unions, as had those in the northern coalfields of NSW. As early as 1892 The Helensburgh and Lilyvale Co-operative Society Limited was established. The most substantial instance of Illawarra Co-operation, however, was the Woonona Industrial Co-operative Society Limited established in 1896 and registered in 1897.<sup>1</sup> From then until its demise in the early 1960s, 'the Co-op' dominated the consumption patterns and much of the social activity of the regional community. With a head office in Woonona, it had branches in Scarborough, Coledale, Thirroul, Corrimal, Balgownie, Wollongong and Port Kembla. Although its centre of gravity remained in the northern pit villages, and it never enjoyed as much success in the new working class areas of the south, it is clear that a far greater proportion of the population participated directly in the Co-op's business than were directly involved in either trade unions or political parties.

The following is the credo which members were advised to apply:

1. Let integrity, intelligence and ability be indispensable qualifications in the choice of officers and managers, and not wealth or distinction.

2. Look well after the money matters. Punish fraud, when duly established, by the immediate expulsion of the defaulter.
3. Never depart from the principle of buying and selling for READY MONEY.
4. For the sake of security, always have the accounted values of the Fixed Stock at least one-third less than its marketable value.
5. Let members take care that the accounts are properly audited by men of their own choosing.
6. Let the Committee of Management always have the authority of the members before taking any important or expensive step.
7. Do not court opposition or publicity, nor fear it when it comes.
8. Choose those only for your officers whom you can trust, and give them your confidence.

This then was the charter under which this socialist island fought to survive surrounded as it was by the sea of capitalism. The 'co-operative principle' offered an alternative to the relations between master and man engendered in wage labour.<sup>2</sup> Members of the Co-op, or 'The Store', bought shares enabling them to a dividend on the amount of purchases, for which they received a fortnightly bill. Every six months the dividend was paid in the form of a credit for purchases, and the record of these transactions was kept in a pass book to which the rules of the Co-op were attached. The Co-op also performed a partial welfare role in that the sick or unemployed were given an opportunity to pay their bills over a more extended period. Similarly, striking miners were often assisted with credit to which they were not normally entitled.

This mutuality indicated the overlap between Co-op and union in membership amongst the miners. Similarly, their governing bodies overlapped, in much the same way as with some modern unions and credit unions. All Co-op employees were expected to be union members. During the 1930s depression union job sharing principles were followed, in that each employee was forced to vacate any second job, and even afterwards only one member of each family could be employed by the Co-op. From the 1930s to the 1950s, when the region supported a strong May Day procession, the Co-op always participated with a contingent led by a float. However, this level of activity was not confined to specifically labour movement events or organisations. The Co-op also organised an annual Boxing Day sports carnival at Slacky Flat, Bulli. What this indicated was the degree to which the Co-op, as with the other labour institutions in the region, was embedded in the working class community, which it helped sustain, and by which it was sustained.

The only items which could not be purchased at the Co-op were liquor, milk and meat. It provided all other food, including fresh bread, cakes, and vegetables, and clothing for which it organised its own fashion parades. It sold electrical goods, crockery and kitchenware, furniture, haberdashery, manchester goods, garden supplies, produce such as chaff, wheat and pollard, and it maintained a large hardware department which catered for every imaginable need of self sufficient workers, such as tools, kerosene and building materials including galvanised iron roofing and cement. Part of the Woonona headquarters included tea rooms, and in a large hall above monthly dance socials were also organised by and for staff and members. Most importantly, the Co-op collected orders from homes and delivered its goods – small orders by horseback until the 1940s, and then motor bike; large orders by horse and cart, and from the 1950s by delivery van.

These activities required considerable facilities. The head office complex occupied most of the western side of the Woonona main shopping centre on the Princes Highway (from

the current Westside Pharmacy to Strachan Park). It included not only shopfronts, but also extensive warehouse facilities, a cordial factory, tearooms, bakery, and even stables for the delivery horses. Only the large bakery at the back of these buildings remained in the 1990s. Goods were delivered by train to Bulli railway sidings, and then transported to the headquarters by road. The Wollongong Co-op shop was originally located in Crown Street, near what is now Lowes in the Mall, and later new premises (occupied by Frisco Furniture in the 1990s) were built opposite the modern David Jones carpark entrance. The Co-op also introduced the first motor lorry to the district, with solid rubber wheels, in the 1920s. In this and other ways it played a leading role in the development of the region.

That they fought the good fight is shown by the announced figures during their Jubilee year, 1946: sales £7,500,000; dividend paid to members £610,000; interest on shares £81,700. By 1952 it had a membership of 6,186 with a combined member's fund of £135,877 and a turnover of £459,236. The 'Co-op' saw its members through two major depressions, two world wars, and innumerable strikes, particularly the 13 week strike at AIS when the Ironworkers Union was fighting to establish itself in that monopoly, the war-time coal strike which saw troops put into the mines and miners conscripted, and the well documented 'pig-iron for Japan' 1938 'Dalfram' dispute on the waterfront. That this organisation was in the forefront of the workers' struggles is undoubted and it was because of the policies laid down by Charles Howarth that families were able to be sustained during these long and protracted industrial actions and that vital trade union ideals were maintained.

One of the better things that came out of the co-operative movement, and there were many positives, was the role played by the women members. Though not fully emancipated, they were really the backbone of the movement. Nearly every retail store had it's own Guild formed and run by the women members. The objects of these Guilds was to ensure that the spirit of friendliness that distinguished co-operatives from ordinary stores was maintained, to promote and educate the extension of the co-operative principles and to assist Management by offering suggestions based on their own customer experience.

The Guilds enabled working-class women to get out into the community as equal partners in community affairs. As an example of this, what else better to quote than my (Neville's) own mother's secretarial report in the Corrimal Guild's Annual Report printed in the Societies newsletter, *The Co-operative News* on March 1 1951:

If the people of the world used Co-operation as a basis of settling their disputes, the fear and horrors of war would not be so prevalent. The need of peace and security is very vital, but there cannot be universal peace as long as the present world economic chaos remains. Everywhere we hear of destruction, misery, disease, men, women, and children dying in thousands whilst thousands of others are still without food, home or any decencies of life, all because the greed of power is uppermost in men's minds. We are concerned that the Government has seen fit to conscript the youth of this country when we are supposed to be at peace. We, as Guildswomen, are firmly convinced that conscription and the building up of armaments will never ensure a lasting peace. This can only be bought about by international, social and economic changes. Exploitation and profit making and the power of monopolies must be eliminated and instead, equal distribution of the world's goods to all the peoples of the world, irrespective of colour or creed, in other words, Co-operation. We must, as Guildswomen, take a keener interest in our Society, introduce new members into our Guild and try to be 100% Co-operators. At all conferences, let us be progressive and agitate for our own factories and workshops, for it is only when these are obtained,

we will be able to alleviate the scarcity of commodities and enjoy the full meaning of Co-operation and prosperity.

The success and importance of the Co-op to the region begs the question as to why it was eventually wound up on 20 February 1970, with very little trace remaining. One obvious reason is the competition from supermarkets as a new consumer society emerged from the 1950s. The first supermarket to directly confront the Co-op on its own territory was Lakins, established opposite the Co-op head office in Woonona in 1951. Others soon followed. Their buying power as part of chains, and their low levels of staffing in relation to volume of turnover allowed the new supermarkets considerable competitive advantages in terms of pricing, which they aggressively exploited. Eventually many of the non-food products were subject to similar competition from chainstores. The new disposable consumerism and rising prosperity changed the nature of product markets and weakened working class demand for products associated with self sufficiency based on small-scale animal husbandry and vegetable gardens. The rise of the motor car also made families less dependent upon deliveries of goods. It is possible that if the last Co-op boards of management had been younger and more willing to modernise, the Co-op's demise may have been staved off, at least for a time. However, by the 1960s modern Australian society was witnessing the rapid decline of the close-knit, mutually self-supporting working class communities which had provided the fundamental basis for the Co-op, as indeed, with the unions and working class political parties. It is important that we who remember and those that care, protect and nurture this information lest it too be lost in the 'official' history of our country.

#### References

Text on the Co-operative Movement generally is derived from Eileen Entwisle (ed.), *The Jubilee Co-operative Handbook of NSW*.

Contributed articles in the handbook are from: George Booth M.L.A. then President of the Co-operative Federation of Australia; E. O'Neil former Director of CWS and President of Cessnock Co-operative Society; A. B. Sheldon, LL.B. Dip. Pub. Adm. formerly Registrar of Co-operative Societies; Wallace G. Pooley, former Secretary of The Association of Co-operative Building Societies; A. R. Crosky, former Registrar of Co-operative Societies and Friendly Societies; W. P. Egan, former Secretary of the Co-operative Institute (NSW) Ltd; A. J. Eade, former President Friendly Societies of Australia; The Hon. Clive Evatt, QC., LL.B., M.L.A. former Minister For Housing and Minister for Co-operative Societies, former Treasurer.

Text regarding the Woonona Co-operative Society was taken from:

- a) the papers of Ted Arrowsmith, a former President of that Society, which are now housed in the Archives of the University of Wollongong;
- b) an interview with Mrs. Marjorie Dibden (10 August 1996), whose father, Bill Roberts worked as a delivery man for the Co-op from 1919 for 40 years.

*The Co-operative News*: The quote from the report made by Mrs Bessie Arrowsmith was published in the Volume 31, No. 3 edition of the *Co-operative News* dated March 1, 1951. This edition is currently held by the Illawarra Branch of the Labour History Society in trust for Mrs Joyce Potter, daughter of Mrs Arrowsmith.

#### Endnotes

- 1 *NSW Statistical Register* 1901, p. 962.
- 2 See R. Markey, 'NSW trade unions and the "co-operative principle" in the 1890s', *Labour History*, no. 49, November 1985, pp. 51-60.